

Drywall Victims Insurance Protection Act will Prevent Cancellation of Homeowners Insurance
November 17, 2009

WASHINGTON, D.C. - U.S. Congressman Charlie Melancon (LA-03) introduced legislation today to aid Louisiana homeowners with defective Chinese drywall in their homes. The [*Drywall Victims Insurance Protection Act*](#) would prevent insurance companies from cancelling or failing to renew homeowners' policies as the result of Chinese drywall in the home. The bill would also prevent insurers from changing rates or altering the type or amount of coverage based on problems stemming from Chinese drywall.

"Louisianians have worked hard to rebuild their homes and communities since Katrina," said Rep. Melancon. "Sadly, many are now having their lives turned upside down all over again. Through no fault of their own, these families are learning that their homes - their biggest investment - may be unlivable and even hazardous to their health."

"I will continue working to find solutions to the defective Chinese drywall problem. The Drywall Victims Insurance Protection Act will give homeowners peace of mind that they won't lose their insurance while they repair homes affected by Chinese drywall."

The *Drywall Victims Insurance Protection Act* would also protect homeowners' rights to sue their insurance companies if their coverage is dropped because of Chinese drywall problems. The bill defines Chinese drywall as drywall that either originated in or was imported from China from 2004 to 2007, or contains abnormal levels of strontium or sulfur.

Many homeowners have said that defective Chinese drywall in their homes emits sulfur, methane and other fumes that have damaged their homes and pose a serious health risk for residents. Reported health problems include nosebleeds, respiratory ailments, headaches, insomnia, and skin irritation.

Approximately 1,897 homeowners - 318 in Louisiana - have filed Chinese drywall complaints with the Consumer Product Safety Commission. But consumer advocates estimate that 4,000 to 7,000 homes have drywall manufactured in China, and the cost of property damage could reach \$3 billion.

The problem could become especially serious in Louisiana, where thousands of new homes were rebuilt after Hurricane Katrina, many using drywall manufactured in China.

Recently, some insurers have begun cancelling policies for homeowners who report the problem and move to a temporary residence. Citing "vacancy" or "failure to maintain the home in insurable condition" as reasons for cancelling the policies, insurers say they cannot cover homes that are not occupied.

Insurance cancellations could pose a serious problem for homeowners because a lapse in coverage is often a violation of the mortgage contract, and could put the homes in foreclosure.

Additionally, homeowners who file insurance claims for Chinese drywall and then lose their coverage could have difficulty obtaining new insurance policies because they are considered to have active problems with their homes.

Preliminary testing has confirmed that imported defective drywall from China contains higher levels of the hazardous chemicals strontium and sulfur. Later this month, the Consumer Product Safety Commission (CPSC) and the Environmental Protection Agency (EPA) plan to release the results of a more comprehensive study of the risks of defective drywall from China. Until more tests are completed, homeowners do not have clear direction on what steps need to be taken to repair their homes.

[Click here](#) to read the *Drywall Victims Insurance Protection Act*.

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